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LISTING STATEMENT No. 2154

LISTED FEBRUARY 10th, 1964

3,600,000 shares of \$3.50 par value

Ticker abbreviation "SCR NEW"

Dial ticker number 476

Post section 8.2

THE TORONTO STOCK EXCHANGE

LISTING STATEMENT

SCURRY-RAINBOW OIL LIMITED

Incorporated under the Alberta Companies Act by

Certificate of Incorporation dated February 5, 1954

1. Address of the Company's Head Office and of any other offices:

Head Office: 539-8th Ave. S. W., Calgary, Alberta, Canada.

Branch Offices: 310 Kerr Block, Regina, Saskatchewan, Canada.

Ste. 3029, 61 Broadway, New York, N.Y., U.S.A.

2. Officers of the Company:

OFFICE HELD	NAME	ADDRESS	OCCUPATION
Chairman of the Board	Frank E. Taplin, MBE	55 Armour Road Princeton, New Jersey	Business Investor
President	John F. Langston	1622 Scotland St., Calgary, Alberta.	Engineer
Executive	E. George Meschi	14 Knollwood Rd. Eastchester, New York	Executive
Vice-President			
Vice-President	Lawrence C. Morrisroe.	1007 Elizabeth Rd., Calgary, Alberta.	Executive
Secretary	Maclean E. Jones	P.O. Box 147, Sub P.O. 43	Solicitor
Treasurer and Assistant Secretary	Margaret A. Stevens	Calgary, Alberta. 14003-101A Avenue, Edmonton, Alberta.	Executive
Asst. Vice-President	Peter Abt	1340-87 Ave. S. W., Calgary, Alberta.	Executive
Asst. Treasurer	Eugene H. Charko	2441A-30 Ave. S. W., Calgary, Alberta.	Chartered Accountant

3. Directors of the Company:

NAME	ADDRESS	OCCUPATION
John Ellis	570 Park Avenue, New York City.	Executive
Paul S. Kerr	Twin Brooks Road, Saddle River, N.J.	Estate Manager
John F. Langston	1622 Scotland Street, Calgary, Alberta.	Engineer
E. George Meschi	14 Knollwood Road, Eastchester, N.Y.	Executive
Lawrence C. Morrisroe	1007 Elizabeth Road, Calgary, Alberta.	Executive
Peter Mackenzie	21 Wilton Road, Pointe Claire, Quebec.	Executive
John Scrimgeour	471 Belleville Avenue, Glen Ridge, N.J.	Executive
Frank E. Taplin	55 Armour Road, Princeton, N.J.	Business Investor

4. Name and addresses of all transfer agents:

Prudential Trust Company Limited, 311-8th Ave. S.W., Calgary, Alberta; 366 Bay Street, Toronto, Ontario; 624 Howe Street, Vancouver, B.C.

The Canadian Bank of Commerce Trust Company, 20 Exchange Place, New York, N.Y.

5. Particulars of any fee charged upon transfer other than customary government taxes:

50¢ for each certificate in Canada. No charge for transfers in the United States.

6. Names and addresses of all registrars:

Prudential Trust Company Limited, 311-8th Avenue S.W., Calgary, Alberta.

The Canadian Bank of Commerce Trust Company, 20 Exchange Place, New York City, N.Y.

7. Amount of authorized capital: \$12,600,000.

8. Number of shares and par value: 3,600,000 of a par value of \$3.50 each.

9. Full details of all shares issued in payment for properties or for any other assets other than cash:

See Exhibit "1" on page 7.

10. Full details of all shares sold for cash:

Date	Number of Shares	Price per Share	Amount Realized
	50¢ PAR	\$3.50 PAR	
From Feb. 5/54 to Sept. 30/56			
	10,000	\$1.00	\$ 10,000.00
	21,633	1.45	31,367.85
	4,066	1.70	6,912.20
	90,000	3.33 1/3	300,000.00
Year ended Sept. 30/57			
	59,950	1.45	86,927.50
	67,084	1.70	114,042.80
	100,000	2.50	250,000.00
	1,700	2.75	4,675.00
Year ended Sept. 30/58			
	1,000	1.45	1,450.00
	700	1.70	1,190.00
Year ended Sept. 30/59			
	500	1.70	850.00
	6	2.75	16.50
Year ended Sept. 30/63			
	1,586	8.00	12,688.00
Oct. 1/63 to Dec. 31/63			
	200	8.00	1,600.00
Conversion 1 for 7 on Feb. 7/59	356,639	1,786	
	(356,639)	50,948 3/7	
Total to Dec. 31/63		52,734 3/7	\$821,719.85

11. Total number of shares issued. 1,977,183

12. Number of shares now in treasury or otherwise unissued. 1,622,817

13. Particulars of any issued shares held in trust for the Company or donated for treasury purposes. Nil.

14. Date of last annual meeting. February 16, 1963.

15. Date of last report to shareholders. Annual Report — February 1st, 1964.

16. Details of any treasury shares (or shares issued subject to payment or shares held for the benefit of the treasury) now under option or the subject of any underwriting or sales agreement. If none, this to be stated. The Company has granted the following options to the following employees or former employees all of which are outstanding.

NAME	STATUS	DATE OF AGREEMENT	NO. OF SHARES	PRICE	EXPIRY DATE
P. Abt	Employee	Mar. 24/61	1,800	\$ 8.00	Nov. 1/65
J. Haviland	Former Emp.	Mar. 24/61	100	8.00	Nov. 1/65
T. H. Jones	Former Emp.	Feb. 7/59	10,715	15.05	Nov. 1/65
E. G. Meschi	Employee	Feb. 16/63	15,000	11.75	Feb. 15/68
E. G. Meschi	"	Mar. 24/61	22,000	8.00	Nov. 1/67
L. C. Morrisroe	"	Feb. 16/63	15,000	11.75	Feb. 15/68
L. C. Morrisroe	"	Mar. 24/61	22,000	8.00	Nov. 1/67
M. A. Stevens (nee Morrisroe)	"	Feb. 16/63	5,000	11.75	Feb. 15/68
M. A. Stevens (nee Morrisroe)	"	Mar. 24/61	2,000	8.00	Nov. 1/67
S. F. Schlobohm	Former Emp.	Feb. 18/59	894	15.05	Nov. 1/65
W. L. G. Van Allen	Employee	Mar. 24/61	600	8.00	Nov. 1/65

17. Names and addresses of persons having any interest, direct or indirect, in underwritten or optioned shares or other securities or assignments, present or proposed. Nil.

18. Details of any payments in cash or securities of the Company made or to be made to a promoter or finder in connection with a proposed underwriting or property acquisition. Nil.

19. Details of any shares pooled, deposited in escrow, non-transferable or held under any voting trust agreement, syndicate agreement or control. Nil.

20. Names and addresses of owners of more than a 5% interest in pooled or escrowed shares and their shareholdings. (If shares are registered in the names of nominees or in street names, give names of beneficial owners, if possible.) Nil.

21. Names, addresses and shareholdings of five largest registered shareholders and if shareholdings are pooled or escrowed, so stating. If shares are registered in names of nominees or in street names, give names of beneficial owners, if possible, and if names are not those of beneficial owners, so state.

		SHARES
Bosworth & Co., 25 Adelaide St. W., Toronto, Ont.	178,078	
Prudential Trust Company Limited, 311-8 Ave. S. W., Calgary; ..	98,682	
Trustee for holders of 50¢ par value stock and Canadian Pipelines & Petroleums Ltd. stock not yet exchanged for \$3.50 par value stock.		
Varley & Co., Box 28, Wall Street Station, New York	75,482	
(nominee for 67,782 shares owned by Agawam Oil Co. Ltd.)		
Merrill, Lynch, Pierce, Fenner Smith Incorporated	75,255	
70 Pine Street, New York 5, New York		
Richard J. Buck & Co., 4 Albany St., New York 6, N.Y.	65,796	
It is not possible to give the names of the beneficial owners except as stated.		

22. Names and addresses of persons whose shareholdings are large enough to materially affect control of the Company.	None
23. Details of any registration with or approval or authority for sale granted by or any filing with a Securities Commission or corresponding Government body.	None Current
24. Has any application for registration with or approval or authority for sale by or any filing with a Securities Commission or corresponding Government body ever been refused, cancelled, suspended or revoked? If so, give particulars.	No
25. Particulars of any bonds, debentures, notes, mortgages, charges, liens or hypothecations outstanding.	See Exhibit "2" on page 8.
26. If assets include investments in the shares or other securities of other companies, give an itemized statement thereof showing cost or book value and present market value.	See Exhibit "3" on page 9.
27. Enumerate fully each of the following property classifications, giving claim or property numbers, approximate acreage, townships and mining camp or oil field: <ol style="list-style-type: none"> Properties owned where titles vested in Company. Properties leased. Properties otherwise held. 	See Exhibit "4" on page 10.
28. Full particulars of any royalties or other charges payable upon production from each individual property.	Crown acreage subject to usual sliding scale royalty. Freehold acreage subject to various rates of royalty averaging approximately 7½ %.
29. Names and addresses of vendors of any property or other assets intended to be purchased by the Company showing the consideration to be paid.	Nil.
30. Names and addresses of persons who have received or will receive a greater than 5% interest in the shares or other consideration to be received by the vendor. If the vendor is a limited company, the names and addresses of persons having a greater than 5% interest in the vendor company.	Nil.
31. Are any lawsuits pending or in process against the Company or any of its properties, or are there any other circumstances which might affect the Company's position or title adversely? If so explain fully.	Litigation involving the effectiveness of individual producing and non-producing property titles and royalty interests is in progress in Saskatchewan. Management after consultation with counsel, does not anticipate that such litigation will result in a material reduction of the Company's property interests or in the royalty income therefrom.
32. Describe plant and equipment on property or properties.	Various interests in oil and gas well equipment, gathering lines, gas processing plants, etc., relating to Company's interest in 398 working interest wells.

33. Describe all development accomplished and planned.

The Company has been actively engaged in the acquisition, exploration and development of its large land holdings situated in Manitoba, Saskatchewan, Alberta and British Columbia, and presently holds varying interests in 845 oil wells and 72 gas wells, and plans to continue an active development program.

34. Date and author of mining or petroleum engineer's or geologist's report filed with this application and available for inspection on request.

Report dated August 21, 1963, by J. C. Sproule of J. C. Sproule and Associates Ltd.

35. Full particulars of production to date.

	Oil (net Bbl.)	Gas (net MCF)
1954	271,000	Nil
1955	374,000	Nil
1956	434,800	Nil
1957	640,000	31,000
1958	838,000	287,000
1959	890,000	408,000
1960	929,000	523,000
1961	1,013,000	556,000
1962	1,344,000	928,000
1963	1,502,000	1,160,000

36. Have any dividends been paid? If so, give date, per share rate, and amount paid in dollars on each distribution.

No

37. Name and address of the solicitor or attorney whose certificate that the applicant is a valid and subsisting company and that the shares which have been allotted and issued were legally created and are fully paid and non-assessable has been filed with the Exchange.

Mr. M. E. Jones, partner of Chambers, Saucier, Jones, Peacock, Black, Gain & Stratton, Third Floor, Bentall Building, Calgary, Alberta.

38. (a) Have any shares of the Company ever been listed on any other stock exchange? If so, give particulars.

Now listed on American Stock Exchange and Vancouver Stock Exchange. Formerly listed on Toronto Stock Exchange, Calgary Stock Exchange and Midwest Stock Exchange and delisted on these Exchanges at Company's request.

(b) Is any application for listing the shares of the Company on any other stock exchange now pending or contemplated? If so, give particulars.

No

(c) Has any application for listing of any shares of the Company ever been refused or deferred by any stock exchange? If so, give particulars.

No

39. Particulars of the principal business in which each officer and director has been engaged during the past five years, giving the length of time, position held and name of employing company or firm.

See Exhibit "5" on page 11.

40. The dates of and parties to and the general nature of every material contract entered into by the Company which is still in effect and is not disclosed in the foregoing.

Management contract with Zeus Oil & Holdings Ltd., dated February 1, 1962, terminated on February 4, 1964.

Employment agreement with E. George Meschi, dated February 1, 1962, amended on January 1, 1963.

Employment agreement with Lawrence C. Morrisroe, dated February 1, 1962, amended on January 1, 1963.

Employment agreement with Margaret A. (Morrisroe) Stevens, dated February 1, 1962, amended on January 1, 1963.

Except for management contracts, do not include particulars of any contract entered into in the ordinary course of business carried on or intended to be carried on by the Company.

41. Any other material facts not disclosed in the foregoing.

Of the 67,782 shares of Scurry-Rainbow Oil Limited which are held by Agawam Oil Co. Ltd. (a subsidiary company), 62,300 such shares are subject to a sales agreement between Agawam Oil Co. Ltd. and Louis Beryl, 76 William Street, New York, which provides, if certain conditions are met, for payment and delivery of these shares on or before March 1, 1964, at a price of \$14.00 per share.

42. STATEMENT SHOWING DISTRIBUTION OF ISSUED CAPITAL
as of January 15, 1964

FREE STOCK

	SHARES	SHARES
(a) Distributed and in the hands of the public (exclusive of the promoters, officers and directors of the Company and their agents or trustees)	1,744,255	
(b) Distributed and in the hands of the promoters, officers and directors of the Company and their agents or trustees	232,928	
Total free stock	1,997,183	

ESCROWED OR POOLED STOCK

(c) Held in escrow or pool as set out in Item 19 of this application.	Nil
Total issued capital	1,977,183

RECORD OF SHAREHOLDERS

Number of registered shareholders holding shares in class (a) above.....	12,524
Number of registered shareholders holding shares in class (b) above.....	9
Number of registered shareholders holding shares in class (c) above.....	Nil

43. STATEMENT SHOWING NUMBER OF SHAREHOLDERS

as of January 15, 1964

Number	Shares
11,237 Holders of 1 — 100 shares	317,220
1,145 " " 101 — 1000 "	291,141
56 " " 1001 — 2000 "	79,831
17 " " 2001 — 3000 "	42,047
18 " " 3001 — 4000 "	61,256
11 " " 4001 — 5000 "	48,553
49 " " 5001 — up "	1,137,135
<hr/> 12,533 Stockholders	Total Shares
	1,977,183

Dated at Calgary, Alberta the 18th day of February 1964

SCURRY-RAINBOW OIL LIMITED



"J. F. LANGSTON"

President.

"E. H. CHARKO"

Assistant-Treasurer.

SCURRY-RAINBOW OIL LIMITED

Schedule of Shares Issued for Properties and Other Assets

DATE	NUMBER OF SHARES 50¢ PAR	NUMBER OF SHARES \$3.50 PAR	DESCRIPTION OF CONSIDERATION
From Feb. 5/54 to Sept. 30/56	2,030,416		534,320 shares of Rainbow Oil Limited
	2,616,995		2,616,995 shares of Scurry Oils Limited
Year ended September 30/57	19,325		19,325 shares of Scurry Oils Limited
Year ended September 30/58	8,333,242		Net assets of Canadian Pipelines & Petroleum
	11,628		11,628 shares of Scurry Oils Limited
Year ended September 30/59	415		1,194 common and 510 class B shares of Williams Creek Exploration Ltd.
	479		479 shares of Landowners Mutual Minerals Ltd.
Year ended September 30/59	140		140 shares of Landowners Mutual Minerals Ltd.
	160		80 shares of Freeholders Oil Company Limited
	344		229 shares of Midwest Farmers Oil Limited
	7		6,678 shares of Scurry Oils Limited
Year ended September 30/60	954		777 common shares of Williams Creek Exploration Ltd.
	37		365.25
	600		480 shares of Landowners Mutual Minerals Ltd.
	8,745		3,498 shares of Freeholders Oil Company Limited
	23		483 common shares of Williams Creek Exploration Ltd.
	507		3,549 shares of Scurry Oils Limited
Year ended September 30/61	28		196 shares of Scurry Oils Limited
	45		315 shares of Landowners Mutual Minerals Ltd.
Year ended September 30/62	14		134.75
Year ended September 30/63	37,732		294 common shares of Williams Creek Exploration Ltd.
	16,743		37,732 shares of Farmers Mutual Petroleum Ltd.
			10,000 shares of Minerals Ltd.
	13,013,144	65,428	
Conversion 1 for 7 on Feb. 7/59	(13,013,144)	1,859,020 4/7	
Total to December 31/63		1,924,448 4/7	
			<u>§ 16,286,410.67</u>

SCURRY-RAINBOW OIL LIMITED
AND SUBSIDIARY COMPANIES

PARTICULARS OF LONG TERM DEBT AS AT JANUARY 31, 1964

- (a) Demand promissory notes from the Company to The Royal Bank of Canada of which \$4,628,400 is presently outstanding being repaid at the rate of \$151,350 per month secured by assignments under Section 82 of The Bank Act or otherwise covering natural gas and/or oil reserves (and the income therefrom) underlying various producing properties owned by the Company and by hypothecation of gross royalty certificates covering a share of income from oil produced from various lands in Alberta and Saskatchewan.
- (b) Demand promissory notes from Freeholders Oil Company Limited, a subsidiary, to The Royal Bank of Canada of which \$850,000 is presently outstanding being repaid at the rate of \$39,600 per month secured by assignment under Section 82 of The Bank Act or otherwise covering natural gas and/or oil reserves underlying various producing properties and the revenue from the sale of oil or gas produced therefrom.
- (c) Demand promissory note from Agawam Oil Co. Ltd., a subsidiary, to The Royal Bank of Canada of which \$918,000 is presently outstanding being repaid at the rate of \$20,500 per month secured by assignments under Section 82 of The Bank Act or otherwise covering natural gas and/or oil reserves underlying various producing properties and the revenue from the sale of oil or gas produced therefrom.
- (d) Promissory note of the Company in the principal amount of U.S. \$4,000,000 (of which U.S. \$3,900,000 is outstanding) in favour of Empire Trust Company payable November 30, 1964 with interest, payable quarterly, at 5½ % per annum until maturity and 6% per annum thereafter secured by the pledge of 695,973 common shares of Farmers Mutual Petroleums Ltd. and 305,000 common shares of Freeholders Oil Company Limited, the hypothecation by Agawam Oil Co. Ltd. of 67,782 common shares of the Company and by various affirmative and negative covenants of the Company.
- (e) Mortgage on the real property and office building of the Company in Calgary, Alberta in favour of Crown Trust Company in the original principal amount of \$150,000, of which there is presently outstanding \$90,000, repayable by equal quarterly payments of \$3,750 each plus interest at the rate of 5% per annum and maturing January 1, 1970.

SCURRY-RAINBOW OIL LIMITED

SCHEDULE OF INVESTMENTS
AS AT JANUARY 31, 1964

	NUMBER OF SHARES	CLASS OF SHARES	COST OR BOOK VALUE	MARKET VALUE
<u>Subsidiary Companies</u>				
Agawam Oil Co. Ltd.	3,978	Common	\$ 82,529.01	\$ *
Brown Oils Limited	20,000	Common	125,500.00	*
Calbrico Petroleum Limited	1,257,782	Common	10,020.00	*
Canadian Pipe Lines Producers Ltd. (N.P.L.)	8	Common	—	*
Dyson Oils Limited	23	Common	—	*
Elboya Oils Limited	23	Common	—	*
Farmers Mutual Petroleum Ltd.	753,593	Common	2,403,324.80	*
Freeholders Oil Company Limited	313,561	Common	2,045,992.36	*
	\$1,000,000	Demand note	1,000,000.00	*
Hatress Petroleum Limited	23	Common	—	*
Industrial Properties Incorporated (Alberta) Ltd.	5	Common	—	*
Landowners Mutual Minerals Ltd.	122,350	Common	365,414.26	*
Midwest Farmers Oil Limited	54,590	Common	230,870.84	*
Plains Petroleum Limited	6,631,738	Common	1,687,694.02	596,856.42
Pioneer Royalties Ltd.	102,072	Common	10,000.00	*
Regina Royalties Ltd.	63,302	Common	100,824.47	*
Redland Oils Limited	23	Common	—	*
Stewart Island Uranium Mines (1960) Limited	10,000	Common	100.00	*
Talston Mines Ltd.	2,850,000	Common	—	*
Vale Oils Limited	23	Common	—	*
West Coast Oil & Gas Ltd. (N.P.L.)	51,000	Common	—	*
Westcoast Oil and Gas Corp.	103	Common	103.00	*
Western Gathering Lines Ltd.	5	Common	5.00	*
Windsor Oils Limited	23	Common	—	*
Pipelines and Petroleum PTY Limited	203	Common	247.15	*
			<u>\$8,062,624.91</u>	
<u>50% Owned Company</u>				
Minerals Ltd.	10,000	Common	<u>\$2,211,829.97</u>	*
<u>Miscellaneous Companies</u>				
Brazeau Oil Company Limited	15,000	Common	\$ —	*
Calgary and Edmonton Corp. Ltd.	25	Common	378.89	459.37
Edoran Oil Corp. Ltd.	334	Common	2.10	5.01
Innisfail Leaseholds Ltd.	2,500	Common	—	*
	\$ 1,000	Debentures	1,000.00	*
P.S. & D. Oils Limited	40	Common	—	*
Peace River Oil Pipe Line Co. Ltd.	1,409	Common	16,268.03	*
Petrogas Processing Ltd.	16,122	Common	16,122.00	*
	\$ 8,061	Debentures	8,061.00	*
Port Arthur Iron Ore Corporation	6,666	Common	—	*
Producers Pipelines Ltd.	997	Common	11,170.00	*
	13,907	Preferred	85,535.26	*
Toms Exploration Limited	11,250	Common	32,486.95	*
Tri-zone Oil & Development Co. Ltd.	25,000	Common	3,500.00	437.50
United New Fortune Mines Limited	30,000	Common	18,349.80	3,300.00
Victoria Land & Minerals Ltd.	5,750	Common	25,750.00	*
Westspur Pipe Lines Company	2	Common	20.00	*
Redwater Water Disposal Company Limited	30	Common	30.00	*
	\$ 8,171.60	Debentures	<u>8,171.60</u>	*
* No Active Market				<u>\$ 226,845.63</u>

SCURRY-RAINBOW OIL LIMITED AND SUBSIDIARY COMPANIES

Summary of Acreage as at September 30, 1963

	Alberta		Saskatchewan		Manitoba		British Columbia		N.W.T.	
	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net
Reservations and Permits	44,960	25,376	487,297	483,217	—	—	58,638	3,068	—	—
Petroleum and Natural Gas Leases	960,106	305,318	149,102	89,437	6,200	823	*753,848	88,825	—	—
Options on P & NG Leases	8,172	8,134	—	—	—	—	—	—	—	—
Mineral Titles, Mineral Leases and undivided Mineral Royalty in Freehold Land	15,244	11,601	1,651,327	1,247,776	7,277	3,519	—	—	—	—
Oil and Gas Titles	—	—	141,432	67,335	—	—	—	—	—	—
Gross Royalty in Freehold Land	297,768	57,694	4,314	926	4,480	144	—	—	—	—
Gross Overriding Royalty on P & NG Leases	295,007	48,810	—	—	—	—	200,580	12,658	—	—
Gross Overriding Royalty on P & NG Reservations and Permits	—	—	—	—	—	—	—	—	40,494	6,778
Potash Permits	—	—	102,734	102,734	—	—	—	—	—	—
Mining Claims	—	—	—	—	—	—	—	—	5,785	4,752

* Duplicate gross acreage on Gross Overriding Royalty on P & NG Leases (B.C.)—49,763

SCURRY-RAINBOW OIL LIMITED

PRINCIPAL BUSINESS OF DIRECTORS AND OFFICERS

JOHN ELLIS is and has been a partner of Eastman Dillon Union Securities & Co., members of the New York Stock Exchange.

PAUL S. KERR is and has been vice-president of The Clarke Estates, Inc., a company engaged in estate management in New York City.

JOHN F. LANGSTON is and has been president of the Company, is a petroleum engineer and managing director of Denton-Spencer Company Ltd. of Calgary, Alberta.

E. GEORGE MESCHI is and has been executive vice-president of the Company.

LAWRENCE C. MORRISROE is and has been vice-president of the Company.

PETER MACKENZIE is and has been a partner of Dominion Securities Corporation Limited, investment dealers of Montreal, Quebec.

JOHN SCRIMGEOUR is and has been a partner of J. K. Rice Jr. & Co. of New York City, a securities firm.

FRANK E. TAPLIN is a business investor and, prior to 1960, was assistant to the president of Princeton University, Princeton, New Jersey, and has been chairman of the board of directors of the Company since 1962.

MACLEAN E. JONES is and has been a partner of the law firm of Chambers, Saucier, Jones, Peacock, Black, Gain & Stratton of Calgary, Alberta and is and has been secretary of the Company.

MARGARET A. STEVENS is and has been treasurer and assistant-secretary of the Company.

PETER ABT is and has been manager of the Land Department of the Company and has been assistant vice-president of the Company since 1962.

EUGENE H. CHARKO is and has been assistant-treasurer of the Company since 1961 and prior to 1961 was a partner of Hnatiuk Charko & Co., a firm of Chartered Accountants in Edmonton, Alberta.

FINANCIAL STATEMENTS

SCURRY-RAINBOW OIL LIMITED AND SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE SHEET AT SEPTEMBER 30, 1963
(with comparative figures for 1962)
(Canadian dollars)

ASSETS

	1963	1962
CURRENT ASSETS:		
Cash	\$ 3,188,508	\$ 2,412,947
Government of Canada bonds, at cost	256,725	408,025
Accounts receivable	504,535	448,453
Notes receivable	—	161,484
Inventories —		
Crude oil, at market	27,500	23,267
Materials and supplies, at cost	103,007	81,664
Prepaid expenses	88,583	64,763
	<hr/> 4,168,858	<hr/> 3,600,603
OTHER ASSETS:		
Reservation and drilling deposits	103,786	28,113
Advances and mineral taxes recoverable	43,224	41,821
Shares of Minerals Ltd., 50% owned, at cost	2,211,830	—
Shares of a subsidiary company not consolidated	10,000	10,000
Miscellaneous securities, at cost	228,400	207,208
	<hr/> 2,597,240	<hr/> 287,142
CAPITAL ASSETS, at cost: (Note 1)		
Petroleum and natural gas and other mineral interests—		
Producing royalty interests	827,068	704,969
Producing wells and related lease costs	10,346,646	7,868,908
Less — Accumulated depletion	(4,727,348)	(4,258,283)
Capped and suspended wells and related lease costs	875,739	774,701
Non-producing properties	16,575,120	14,641,800
Mining claims, non-producing	422,749	387,141
Production equipment	2,791,304	2,124,544
Other capital assets	1,673,471	1,653,000
Less — Accumulated depreciation	(1,590,107)	(1,288,030)
	<hr/> 27,194,642	<hr/> 22,608,750
DEFERRED CHARGES:		
Organization and share issue expense	235,596	235,596
Other	154,465	73,143
	<hr/> 390,061	<hr/> 308,739
APPROVED ON BEHALF OF THE BOARD:		
“J. F. LANGSTON”, Director	<hr/> \$34,350,801	<hr/> \$26,805,234
“L. C. MORRISROE”, Director	<hr/> <hr/>	<hr/> <hr/>

SCURRY-RAINBOW OIL LIMITED AND SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE SHEET AT SEPTEMBER 30, 1963

(with comparative figures for 1962)
(Canadian dollars)

LIABILITIES

CURRENT LIABILITIES:	1963	1962
Accounts payable	\$ 724,486	\$ 616,495
Interest	13,765	13,453
Non-interest bearing debt	—	89,544
Long term debt due within one year	2,597,778	2,103,680
	<hr/> 3,336,029	<hr/> 2,823,172
LONG TERM DEBT:		
Canadian bank loans at current rate of interest (secured), being repaid at the rate of \$211,450 per month	7,242,600	4,488,800
5½% United States bank loan (secured) due November 30, 1964 (\$4,000,000 U.S.)	4,255,117	1,439,805
5% Mortgage due January 1, 1970, repayable at the rate of \$3,750 per quarter	97,500	112,500
5½% Notes repayable at the rate of \$35,000 per annum	105,000	420,000
	<hr/> 11,700,217	<hr/> 6,461,105
Less — Amounts due within one year	2,597,778	2,103,680
	<hr/> 9,102,439	<hr/> 4,357,425
MINORITY SHAREHOLDERS' INTERESTS		
in subsidiary companies	1,872,356	198,103
SHAREHOLDERS' OWNERSHIP:		
Share capital — (Note 2)		
Authorized — 3,600,000 shares of a par value of \$3.50 each		
Issued — 1,976,983 shares	6,919,440	6,723,227
Capital surplus (Note 2)	10,674,700	10,207,394
Earned surplus, per statement attached	3,437,670	2,495,913
	<hr/> 21,031,810	<hr/> 19,426,534
Less — 67,782 shares held by a subsidiary, at cost	991,833	—
	<hr/> 20,039,977	<hr/> 19,426,534
LITIGATION (Note 3)	<hr/> \$34,350,801	<hr/> \$26,805,234

SCURRY-RAINBOW OIL LIMITED AND SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED SEPTEMBER 30, 1963

(with comparative figures for 1962)

(Canadian dollars)

	1963	1962
OPERATING REVENUE:		
Sales, less royalties	\$3,030,936	\$2,331,796
Royalty income	814,496	1,004,606
Lease rental income	12,594	18,338
Consulting fee	—	50,000
Sundry	18,529	17,717
	<u>3,876,555</u>	<u>3,422,457</u>
EXPENSES:		
Production	611,198	430,887
Dry hole costs	241,044	62,709
Litigation costs	79,744	249,506
Directors' fees	6,825	4,800
Administrative	509,643	426,348
Other	65,544	53,113
	<u>1,513,998</u>	<u>1,227,363</u>
	<u>2,362,557</u>	<u>2,195,094</u>
PROVISIONS FOR:		
Depletion	536,667	416,902
Depreciation	314,323	225,649
	<u>850,990</u>	<u>642,551</u>
	<u>1,511,567</u>	<u>1,552,543</u>
OTHER CREDITS:		
Investment income	58,333	72,955
Damages awarded for oil drainage	74,300	—
Sundry	1,536	3,349
	<u>1,645,736</u>	<u>1,628,847</u>
OTHER CHARGES:		
Interest on long term debt	436,409	289,819
Properties abandoned	128,117	259,599
Loss on sale of investments	18,207	(19,035)
	<u>582,733</u>	<u>530,383</u>
	<u>1,063,003</u>	<u>1,098,464</u>
Taxes on income	—	44,774
	<u>1,063,003</u>	<u>1,053,690</u>
Minority shareholders' interests in profits and losses of subsidiaries	23,028	30,671
NET PROFIT FOR THE YEAR	<u><u>\$1,039,975</u></u>	<u><u>\$1,023,019</u></u>

SCURRY-RAINBOW OIL LIMITED AND SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENT OF EARNED SURPLUS
FOR THE YEAR ENDED SEPTEMBER 30, 1963
(Canadian dollars)

Earned surplus at September 30, 1962	\$2,495,913
Net profit for the year	1,039,975
	<u>3,535,888</u>
Taxes on prior years' income	98,218
EARNED SURPLUS AT SEPTEMBER 30, 1963	<u>\$3,437,670</u>

NOTES TO FINANCIAL STATEMENTS

1. CAPITAL ASSETS:

It is the policy of the companies to capitalize as property costs geological and geophysical expenses, lease rentals and other carrying charges on non-producing properties.

2. SHARE CAPITAL, SHARE OPTIONS AND CAPITAL SURPLUS:

Changes in issued share capital and capital surplus during the year ended September 30, 1963 are summarized below:

	NUMBER OF SHARES	SHARE CAPITAL (PAR VALUE)	CAPITAL SURPLUS
Balance at September 30, 1962	1,920,922	\$6,723,227	\$10,207,394
<i>Add —</i>			
Issued for cash under options to employees	1,586	5,551	7,137
Issued in exchange for shares of —			
Farmers Mutual Petroleum Ltd.			
a subsidiary company	37,732	132,062	264,124
Minerals Ltd., a 50% owned company	16,743	58,600	200,916
			<u>10,679,571</u>
<i>Deduct —</i>			
Loss on sale of shares of Scurry-Rainbow Oil Limited held by a subsidiary company			4,871
Balance at September 30, 1963	<u>1,976,983</u>	<u>\$6,919,440</u>	<u>\$10,674,700</u>

The consolidated capital surplus consists principally of the excess of the share capital and paid-in surpluses of companies amalgamated with Scurry-Rainbow through share exchanges over the par value of the Scurry-Rainbow shares issued in exchange, and the premium on shares issued for cash.

Options are outstanding at September 30, 1963 granting certain officers and employees and certain former officers and employees the right to purchase 95,309 shares of the Company's capital at prices of \$8.00, \$11.75 and \$15.05 per share. During the fiscal year, options on 35,000 shares were granted at \$11.75 per share and options on 1,586 shares were exercised by employees.

3. LITIGATION:

Certain litigation involving the effectiveness of individual producing and non-producing property titles and royalty interests is in progress in the Province of Saskatchewan. Management, after consultation with counsel, does not anticipate that such litigation will result in a material reduction of the Companies' property interests or in the royalty income therefrom.

December 14, 1963

AUDITORS' REPORT

TO THE SHAREHOLDERS OF

SCURRY-RAINBOW OIL LIMITED:

We have examined the consolidated balance sheet of Scurry-Rainbow Oil Limited and subsidiary companies as at September 30, 1963 and the consolidated statements of profit and loss and earned surplus for the year ended on that date and have obtained all the information and explanations we have required. Our examination was made in conformity with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, and according to the best of our information and the explanations given to us and as shown by the books of the companies, the accompanying consolidated balance sheet and consolidated statements of profit and loss and earned surplus are properly drawn up so as to exhibit a true and correct view of the state of the affairs of the combined companies as at September 30, 1963 and the consolidated results of operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

"PRICE WATERHOUSE & CO."
Chartered Accountants.

PETROLEUM GEOLOGIST'S REPORT

Mr. L. Morrisroe
Scurry-Rainbow Oil Limited
539 8th Avenue S. W.
Calgary, Alberta

August 21, 1963

Re: Evaluation of the P. & N. G. Reserves and Holdings of Scurry-Rainbow Oil Limited, Farmers Mutual Petroleums Ltd., Landowners Mutual Minerals Ltd., Midwest Farmers Oil Limited and Regina Royalties Limited, Freeholders Oil Company Limited, Minerals Ltd., Agawam Oil Co. Ltd. and Plains Petroleums Limited.

Dear Sir:

We are pleased to present below a summary of our evaluation of the reserves and holdings of the above-noted companies, prepared at the request of Scurry-Rainbow Oil Limited. We also show Scurry-Rainbow's net interest in these holdings.

RESERVES	GROSS INTEREST @ 6%	SCURRY % INTEREST	SCURRY NET
Scurry-Rainbow Oil Limited	\$18,455,200	100	\$18,455,200
Farmers Mutual Petroleums Ltd.	3,117,500	95.27	2,970,042
Landowners Mutual Minerals Ltd.	41,700	99.22	41,375
Midwest Farmers Oil Limited and Regina Royalties Limited	118,900	96.88	115,190
Freeholders Oil Company Limited	4,403,500	95.05	4,185,527
Minerals Ltd.	1,505,300	50	752,650
Agawam Oil Co. Ltd.	1,159,400	100	1,159,400
Plains Petroleums Limited (As of August 31, 1962)	1,783,200	51.48	917,991
Present worth of Reserves	<u>\$30,584,700</u>		<u>\$28,597,375</u>
UNPROVEN PROPERTIES	GROSS INTEREST	SCURRY % INTEREST	SCURRY NET
Scurry-Rainbow Oil Limited	\$19,329,983	100	\$19,329,983
Farmers Mutual Petroleums Ltd.	11,226,384	95.27	10,695,376
Landowners Mutual Minerals Ltd.	563,619	99.22	559,223
Midwest Farmers Oil Limited and Regina Royalties Limited	579,169	96.88	561,099
Freeholders Oil Company Limited	11,324,084	95.05	10,763,542
Minerals Ltd.	4,091,152	50	2,045,576
Agawam Oil Co. Ltd.	100,715	100	100,715
Plains Petroleums Limited (As of August 31, 1962)	3,550,400	51.48	1,827,746
Valuation of Unproven Properties	<u>\$50,765,506</u>		<u>\$45,883,260</u>
Total Valuation of Reserves and Holdings	<u>\$81,350,206</u>		<u>\$74,480,635</u>

It should be noted that the above evaluation represents a value to Scurry-Rainbow, rather than a market valuation.

The above figures may be regarded as subject to some small corrections, but the totals will be essentially correct.

Yours very truly,

"J. C. SPROULE", P. Geol.

CERTIFICATE

I, JOHN CAMPBELL SPROULE, consulting geologist, of 1009-4th Avenue S.W., Calgary, Alberta, do declare:

- That I graduated as a geologist from the University of Alberta with the degree of Bachelor of Science in the year 1930; I obtained the degree of Master of Arts at the University of Toronto in the year 1931; and I obtained the degree of Doctor of Philosophy in Geology from the University of Toronto in the year 1935.
- That I am a Fellow of the Geological Society of America and a Member of the American Association of Petroleum Geologists, the Society of Exploration Geophysicists, and the Society of Economic Paleontologists and Mineralogists, and that I am a registered Professional Geologist for the Province of Alberta, a registered licensed Professional Engineer for the Province of Saskatchewan, and a registered Engineer for the Province of Manitoba.
- That I have no interest, direct or indirect, nor do I expect to receive any interest, direct or indirect, in the properties described in the attached report entitled "Evaluation of the P. & N. G. Reserves and Holdings of Agawam Oil Co. Ltd., Farmers Mutual Petroleums Ltd., Freeholders Oil Company Limited, Landowners Mutual Minerals Ltd., Midwest Farmers Oil Limited & Regina Royalties Limited, Minerals Ltd., and Scurry-Rainbow Oil Limited (As of March 31, 1963)," nor have I any interest, present or expected, in the securities of Scurry-Rainbow Oil Limited or its subsidiaries.
- The above report is based on my geological and engineering knowledge of the areas described in the above report, and that of my Associates, and upon a consideration of all available data on wells drilled in adjacent areas, and upon examination of electric logs and available production engineering data on wells in and in the vicinity of the aforementioned properties.

"J. C. SPROULE", P. Geol.

1009 4th Avenue S.W.,
Calgary, Alberta.
January 20, 1964.